

ENERGY ISSUE PACKET

Last fall, Republicans pushed through an Energy Bill that President Bush's own Department of Energy predicted would raise gas prices, and it has.

Republican energy policies set records:

- 💰 Record prices at the pump
- 💰 Record profits for Big Oil
- 💰 Record contributions from Big Oil

Bush, Cheney and the Republicans continue to deliver for Big Oil, at taxpayers' expense, including:

- 💰 Free drilling rights on public lands, costing taxpayers \$20 billion over 25 years
\$9 billion in subsidies
- 💰 Big Six Oil companies - nearly \$30 billion in first quarter profits
- 💰 Profits for Big Oil nearly quadrupled, 2002-2005
- 💰 Record CEO benefits and pay

Gas prices across America have doubled, Big Oil profits quadrupled

- 💰 Big Oil gave 84% of their campaign contributions to Republicans in last 2 years
- 💰 Bush/Cheney got more than \$2.6 million in 2004
- 💰 More than \$70 million to Bush and his Republican Congress since 2000

Democrats have a new direction: Invest in the Midwest, not the Middle East

- ➡ Investigate and punish price gouging by Big Oil
- ➡ Relief for consumers, farmers, and small businesses
- ➡ Stop billions in tax breaks, subsidies and handouts for big Oil
- ➡ Keeping America home-owned and home grown:
 - Increase production and use of American-made biofuels
 - Increase cars and trucks that can run on ethanol
 - Make ethanol and biodiesel more available at the pump
 - Increase energy independence and create good-paying jobs in rural communities
 - Research and development to create cutting-edge technologies for biofuels

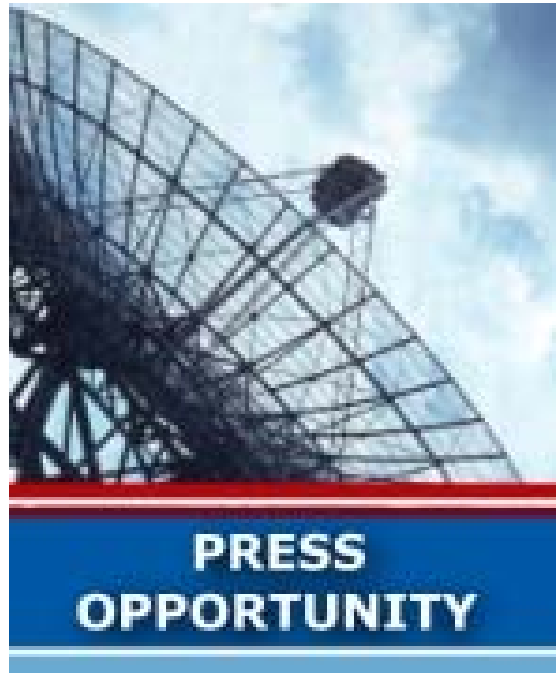
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ENERGY PRICES

BACKGROUND & MESSAGE:

Oil Men Bush, Cheney and their Republican Congress give big subsidies and big tax breaks to their Big Oil and gas backers, including \$9.5 billion in subsidies in last year's energy bill and protecting \$20 billion in royalty-free drilling, while killing Democrats' efforts last year to keep gas and energy prices down.



Now, Big Oil is making record profits and record contributions to Republicans, while sticking Americans with record prices at the pump. Gas prices are nearly \$3 a gallon -- about double the cost of since 2001. The cost of a barrel of oil has climbed to more than \$70 per barrel oil -- up from \$44 one year ago.

Now Republicans are running for political cover, by scrambling to join Democrats, nearly a year after we introduced legislation aimed at protecting American consumers and bringing much-needed relief from record prices. This comes as no surprise with their record of having VP Cheney's Secret Energy Task Force working with Big Oil to write a Republican Energy Policy that the Bush Energy Department says would actually raise gas prices.

Democratic ideas about energy independence, conservation, and efficiency benefit all Americans. Democrats are fighting to provide relief to the consumers, farmers and small businesses that are suffering at the hands of oil companies that continue to make record profits. Democrats are fighting for a federal law to ensure that consumers are not the victims of price gouging when they fill up their tanks.

And Democrats are committed to unleashing technological innovation to develop alternatives to oil: energy independence within 10 years. Last week, the Democratic Rural Working Group unveiled its ambitious plan to reduce our dependence on foreign petroleum and promote the production and use of clean, renewable, affordable energy here at home. It provides tax incentives to encourage increased biofuels production, expands the ethanol and biodiesel pumps at gas stations, and increases the number of "flex-fuel" vehicles on the road. It includes investments in biofuels research and seeks new ways to turn farm products -- such as switchgrass and woodchips -- into a renewable fuel source for the American people.

POSSIBLE PRESS EVENTS:

Following are possible event ideas for Members to use during the Memorial Day recess, and throughout the summer. Events can help draw attention to the record high gas prices nationwide, and Democratic initiatives to lower gas prices.

- **Press conference at a local gas station.** Call local gas stations and find an owner who will let you hold a small photo opportunity outside their gas station. Members could stand in front of the large sign displaying daily gas prices and speak to Members of the media. Following the event, members of the media can talk to gas station customers to include real stories of constituents who are struggling to make ends meet as a result of record high gas prices. Be sure to also highlight the astronomical profits that oil companies are releasing.
- **Photo opportunity at a local gas station.** Contact a local gas station about having your Member pump gas for customers or for his or her own vehicle. Send an advisory to the media alerting them to a gas prices photo opportunity. Cameras can get footage of the gas pump cost increasing on the pump, and a shot of the Member fuel up a car. This also provides an opportunity for TV cameras to talk to local customers about gas prices, and the affect on their daily life.
- **Rep. Waxman's Government Reform Committee staff can prepare a report that analyzes the impact of increased gasoline prices on families in your district.** Using regional data from the Federal Highway Administration and the Energy Information Administration, the study estimates the average costs of increased fuel prices on families in your district, the total fiscal burden that these increased prices will have in your area, and the fiscal impact on middle-class families. To request a report, please contact Karen Lightfoot or Brian Cohen at (202) 225-5051.
- **Hold a press conference by a school bus depot, or across the street from a school.** Many schools have had to temporarily cut back on extra curricular activities, or free meal programs to address rising fueling costs. Talk to your local school board, or Superintendent's Office to get local statistics on number of students who use school transportation, and how the increasing fuel costs affect the school system. For example, in Broward County Florida, approximately 80,000 students use Broward County School transportation each day. School board officials estimate that Broward schools use 13 thousand gallons of diesel fuel daily and that the price of diesel fuel has gone up to \$2.57/gallon vs. \$1.35/gallon last year. This is nearly a \$3 million increase in fuel expenses for the Broward County Schools, based upon their 186 school days.
- **Hold a roundtable discussion with small business owners to discuss the impact high gas prices has on their business.** In your community, there are certainly small business owners who are struggling as a result of increased energy costs. For, example florists and grocers and other businesses that use lots of gasoline to make deliveries and service calls are facing tough

choices about either raising their prices or jeopardizing their businesses. Hold a roundtable discussion, and invite members of your local media to sit in on the conversation to highlight the difficulties small businesses are faced with and what Democrats propose to address their concerns. Talk about your cosponsorship of H.R. 4479, the Energy Consumer Relief Act of 2005, which provides relief to small businesses and farmers that are being crushed by high energy costs and is paid for by ending giveaways to big oil companies that even they say they do not need. The measure includes a relief program for small business to provide grants of up to \$1,500 to pay energy bills.

- **Hold a roundtable discussion with farmers to discuss the impact high gas prices has on their business.** Rural communities are particularly impacted by the rising energy prices as farming is an energy intensive business and those in rural communities drive farther in everyday life. Talk about your cosponsorship of H.R. 4479, the Energy Consumer Relief Act of 2005, which provides relief to small businesses and farmers that are being crushed by high energy costs and is paid for by ending giveaways to big oil companies that even they say they do not need. This measure provides a tax credit for each farmer of up to \$1,500, to make up for their huge energy costs. See also the packet from the Rural Working Group on holding an energy summit.
- **Release a report on local gas prices.** Choose ten local gas stations, call and get gas prices for the day, update a week later. Write a report on the increase in local gas stations, and compare it to that of national or state trends. AAA state by state numbers can be found at the following link: <http://www.fuelgaugereport.com/index.asp>

**** Sample Op-Ed ****

Democrats' New Direction: Lower Gas Prices and Energy Independence, Not More for Big Oil

Time and again, President Bush and his Rubber Stamp Republican Congress failed to address the crucial needs of all Americans. The American people have been left to pay the price for the Republican culture of corruption that favors the special interests, not the people's interest. One need look no further than the skyrocketing gas prices that are weakening our economy and squeezing middle-class families to see the who wins and who loses under the Republican special-interest agenda. Big Oil is reaping record profits while the American people are stuck with the bill.

Across the country and here in [STATE], Americans are paying the price at the pump for the failed Republican energy agenda that was developed in secret and written for and by the energy industry. With two oil men in the White House, it's no surprise that Big Oil got a seat at the table while the American people were left out. The price of gasoline has more than doubled since President Bush took office, while hard-working families have seen their income fall every year of his presidency.

Last year, Exxon Mobil raked in record profits of \$36 billion, yet Republicans in Congress passed more than \$8 billion in tax breaks and subsidies for oil and gas companies instead of providing relief to consumers, small businesses and farmers. Republican policies that favor the wealthy few are causing the people of [STATE] serious hardship. The Bush Administration's own Department of Energy acknowledged that the Republican energy bill would do nothing to lower gas prices, and would in fact increase the price at the pump. It is painfully clear that the American people cannot afford President Bush and his Rubber Stamp Republican Congress. It's time for a new direction.

Democrats have been at the forefront, offering real solutions to high gas prices that protect the American people, not Big Oil. Our Innovation Agenda includes a plan to achieve energy independence within 10 years through clean, sustainable energy alternatives. Democrats will provide tax incentives to encourage increased production of home grown American-made biofuels, increase the number of flex fuel vehicles on the road, and expand the ethanol and biodiesel pumps at gas stations. This will enhance our national security through real investments in alternative fuels, so that we send our dollars to the Midwest, not the Middle East.

Democrats have introduced legislation to rescind billions of dollars in tax breaks and subsidies for profit-rich oil companies and suspend royalty relief when prices are high. Republicans finally joined Democratic efforts to end price gouging, nearly a year after we introduced legislation aimed at protecting American consumers and bringing much-needed relief from record prices.

I am proud to join my Democratic colleagues in our fight to take our country in a new direction, one that works for everyone with lower energy prices and energy independence. Together, America can do better than the Republican energy policy of record gas prices, record giveaways, and record profits for oil companies.

Questions & Answers on Energy

Q. How can Democrats be serious about reducing energy prices and promoting energy independence, when you have repeatedly voted against every energy bill, which would have increased domestic production of oil and gas, and for environmental regulations that hamper increased production?

A. Relying on traditional energy production has not brought us energy independence in the 21st Century. We've had five years of policies, developed by the Cheney task force in secret meetings with oil executives, which put the federal government firmly behind domestic oil and gas production and the result has been increased prices, and increased reliance on foreign oil. The Republican bills we opposed were filled with more giveaways to the oil and gas companies, even as these companies rake in record profits. If that would bring progress for America, we would support it. But, the Bush Administration's own Energy Department estimated that the Bush-Cheney energy policies would actually raise the price of gasoline and increase our reliance on foreign oil. The Bush Administration uses environmental regulations as the scapegoat, in spite of a lack of evidence that environmental laws are in any way responsible.

Democrats think America needs a new energy policy. We support an energy policy that puts consumers first by stopping price gouging, in order to bring gas prices down. But more than that, we must increase investments in alternative energy to make America energy independent in 10 years. We can achieve energy independence by developing emerging technologies for clean and sustainable alternatives that will strengthen energy security and protect the environment. We must develop new homegrown American-made fuels to run our vehicles; adapt our vehicles to use those fuels; and do it as much as possible within our existing infrastructure – so that these advances can be realized as rapidly as possible.

Q. Why haven't Democrats done anything to solve our nation's energy problem?

A. We have, only to see these initiatives blocked and rejected by the Bush Republicans.

For example, Republicans have blocked Democratic legislation to **lower prices and provide consumer relief**. For example, they have **rejected** Democratic proposals:

- To suspend deliveries to the Strategic Petroleum Reserve to lower prices at the pump. [House Vote # 209, 5/24/05; CQ Vote #500, HR 3402, 9/28/05. Motion rejected 195-226]
- To impose tough criminal penalties on price gouging companies. [CQ Vote #517, H.R. 3893, 10/7/05, 199-222 and CQ Vote #518, H.R. 3893, 10/7/05, motion rejected 200-222]

Instead, Republicans voted to cut energy assistance for families struggling by \$22 million. [Vote 668, 12/19/05]

Further, Republicans have opposed Democratic proposals to **invest in alternative fuels**. For example, they have **voted against Democratic proposals** to:

- Provide an additional \$250 million for research, development, demonstration and deployment of new energy generation and new energy efficiency technologies to most effectively support the objective of decreasing U.S. oil imports. [HR 2419, Vote #203, 5/24/05]
- Increase the nation's investment into renewable fuels, by extending the tax credit for investments in solar, wind, geothermal and biomass technologies; by creating a \$5 billion Trust Fund to invest in research and development for new emerging technologies paid for by eliminating an oil industry loophole; by providing several tax incentives for energy efficiency; and by helping small companies and startups to commercialize efficient and renewable energy technologies. [HR 6, Vote #118, 4/20/05; R 4-226; D 165-33; I 1-0]

Instead, House Republicans support the Bush Budget, which funds renewable energy and energy efficiency at below the 2001 level, in real terms; provides nearly 50 percent less for research on renewable energy than was promised in the new energy law; and robs other energy programs important to energy independence to pay for the proposed increases. And they adopted a budget package that cut Renewable Energy Systems and Energy Efficiency Improvements Program by \$20 million. [S 1932, Vote #4, 2/1/06]

Finally, Republicans have voted to **provide and protect giveaways to the oil industry**. Specifically, Republicans have:

- **Voted to let the oil companies keep their exorbitant profits.** House Republicans rejected a Democratic effort to accept Senate provisions in the tax bill to remove \$5 billion worth of subsidies and tax loopholes for large oil companies – including eliminating an accounting loophole for the inventory profits of big oil, repealing a write-off for expenditures to find oil and gas deposits, and closing down a loophole regarding the foreign tax credit. [Washington Post, 4/28/06; CQ Vote 109, 4/27/06]
- **Republicans enacted royalty relief totaling \$7 billion.** Oil companies stand to gain a minimum of \$7 billion and as much as \$28 billion over the next five years under an obscure provision in last year's giant energy bill pushed by Republican leadership that allows companies to avoid paying royalties on oil and gas produced in the Gulf of Mexico. [New York Times, 3/29/06]
- **Provided \$3.6 billion in tax breaks for energy companies in the 2004 law to “promote domestic manufacturing.”** ConocoPhillips, which earned \$13.5 billion in 2005, saved \$106 million last year on that provision, which reduces the corporate tax rate on profits on goods produced in the United States. [New York Times, 4/27/06]

Q. Does the Democratic energy package contain a windfall profits tax on oil and gas companies?

A. No. The windfall profits tax was eliminated in 1986. And while some have suggested restoring this, but this package does not include it.

Q. The major problem with gas prices is the lack of refining capacity in the U.S. resulting from stringent environmental regulations. Democrats do nothing to address that fundamental problem, do they?

A. We have several initiatives to improve refining capacity in order to bring down gas prices and provide relief for consumers. For example, Democrats offered a proposal to establish a Strategic Refinery Reserve (SRR) patterned after the Strategic Petroleum Reserve (SPR), to ensure new refining capacity that operates at all times and can be increased during emergency supply disruptions. The SRR would ramp up to full production when needed to provide additional supply during national energy emergencies, decreasing price pressures at the pump, and would ensure that Federal fleet and military needs would be met at all times.

Also, Democrats have called for an investigation of the oil industry on the refining issue. This investigation is needed as internal memos from oil companies make it clear that oil companies decided that they needed to reduce refinery capacity to drive up their profits -- requesting permits for only one new refinery over the last 25 years. And the strategy of oil companies has been successful. In the past 10 years, at least 30 refineries have closed, and prices have risen faster than crude oil prices. In fact, the *Washington Post* (9/25/05) reported that refiners were getting an estimated 99 cents in profits on each \$3.07 gallon of gas sold -- three times the amount they earned a year ago when regular unleaded was selling for \$1.87. It is long past time for the Bush Administration to investigate the refinery industry.

Basic Facts on Rising Energy Prices

Americans are paying high gas prices.

- Families are paying \$2.95 a gallon on average for regular gasoline – more than double the cost when Bush took office, and up nearly 78 cents a gallon from a year ago. [EIA, 5/15/06]
- Oil prices reached a record high of over \$75 a barrel in April. [Associated Press, 4/27/06]
- The average price of gas will hit more than \$3 a gallon this summer. [Energy Information Administration]
- Energy Secretary Bodman indicated that prices could remain high for up to three more years, as he expects that suppliers will continue to be unable to keep up with demand. [MSNBC, 5/1/06]

High energy prices are clearly hurting consumers' pocketbooks.

- 70 percent of Americans believe that higher gas prices will cause financial hardship for them or their families, with 43 percent noting that the hardship will be serious. [[Associated Press/Ipsos Public Affairs poll](#) 5/1-5/-3]
- The Federal Reserve Chairman said, "The surge in energy prices since late-2003 has significantly reduced the purchasing power of households and decreased the profits of non-energy firms, thereby restraining both consumer spending and business investment." [USA TODAY, 4/18/06]
- "The rising price of gasoline could do more than drive up the cost of commuting or taking a vacation.... Around the country, from a florist in Delaware to a pizza maker in Chicago, businesses that use lots of gasoline to make deliveries and service calls are raising their prices — or seriously thinking about it — to cover their costs." [AP, 4/28/06]

Oil companies are reaping record profits.

- In April, the country's six largest oil companies announced startling profits for the first quarter of 2006 – of about \$29 billion – four times the amount in 2002. This is on top of the \$112 billion in profits they made in 2005 – which was triple the amount in 2002.
- Even as these companies were raking in record profits, the new energy law provided at least \$8 billion in giveaways for big oil companies, while actually increasing the price of gas for consumers.

High energy prices are a drag on economic growth, according to Federal Reserve Chairman Bernanke.

- The Federal Reserve Chairman warned that record high energy prices pose risks to both economic growth and the inflation outlook. The consumer price index and the producer price both increased in March, because of higher energy prices [MSNBC, Associated Press article, available at: <http://www.msnbc.msn.com/id/12513204/>].

House Democrats' Fight to Bring Down High Gas Prices and to Achieve Energy Independence

Skyrocketing oil and gas prices are hurting the American consumers, as well as our economy, and yet the Bush Administration has failed to act to bring down gas prices. Even worse, for the last five years, Bush Republicans have given billions of dollars in tax breaks to big oil, rather than putting on the path to energy independence. Democrats are fighting to provide relief to the consumers, farmers and small businesses that are suffering at the hands of oil companies that continue to make record profits. We can do this by repealing the tax breaks provided in the new energy law passed last summer. Democrats are also fighting for a federal law to ensure that consumers are not the victims of price gouging when they fill up their tanks or cool their homes this summer.

More important, Democrats have an ambitious and cutting-edge plan to become independent from foreign oil in ten years – using America's innovation and vast heartland to produce clean, renewable, affordable energy here at home.

Lower Energy Prices by Ending Price Gouging by Oil Companies

- Give the Federal Trade Commission (FTC) and the Department of Justice (DOJ) authority to prosecute oil companies engaged in price gouging involving gasoline, home heating oil, or natural gas. *[H.R. 3936]*
- Empower the federal government to impose tough civil penalties – of up to triple damages of all excess profits -- on companies that have cheated consumers. Imposes tough criminal penalties of up to \$100 million on corporations, and fines of up to \$1 million and jail sentences of up to 10 years for individuals. *[H.R. 3936]*
- Ban other manipulative pricing practices by oil companies on the wholesale market. *[H.R. 3936]*

Bring Relief from High Energy Prices to Consumers, Farmers, and Small Businesses

- Provide relief to families paying skyrocketing energy costs by expanding the Low-Income Home Energy Assistance Program (LIHEAP) through fines from price-gouging companies and by repealing at least \$8 billion in new subsidies and tax breaks for oil companies enacted into law last summer which oil companies say they do not even need. *[H.R. 4479, H.R. 3936]*
- Provide relief to small businesses and farmers as they are being crushed by high energy costs, with a tax credit for each farmer of up to \$1,500, to make up for their huge energy costs and a relief program for small business to provide grants of up to \$1,500 to pay energy bills. *[H.R. 4479]*

Stop tax breaks and subsidies for oil and gas companies, making record profits.

- Repeal at least \$9 billion in tax breaks, royalty relief, and new subsidies from the Energy Policy Act – including five new tax breaks, along with six new subsidies -- deleting outrageous provisions that would permit bigger oil companies to be considered small "independent producers" in order to get larger tax breaks, for example. *[H.R. 4479]*
- Repeal other royalty relief provisions that could save taxpayers up to \$20 billion over the next 25 years. *[H.R. 4479]*

Free America from Dependence on Foreign Oil in 10 years.

- Expand American-made biofuels and other clean energy alternatives. Democrats have a plan to provide tax incentives to encourage increased production of home grown American-made biofuels, increase the number of flex fuel vehicles on the road, and expand the availability ethanol and biodiesel pumps at gas stations. [H.R. 5372]
- Increase research and development to create cutting-edge technologies for biofuels, innovative refining processes for these fuels, and new vehicle technologies so that these emerging technologies can be deployed in the next three to five years. [H.R. 5372]
- Create a new initiative, modeled after DARPA, which the internet, to provide seed money for fundamental research needed to develop high-risk, high-reward technologies and build markets for the next generation of revolutionary energy technologies, such as those emerging from biotechnology, nanotechnology, solar, and fuel-cell research and to push promising technology into the marketplace. [H.R. 4435]

Strengthen our Nation's Refining Supply

- Call on the Bush Administration to investigate whether oil companies colluded to limit refinery capacity in order to increase profits.
- Establish a Strategic Refinery Reserve (SRR) patterned after the Strategic Petroleum Reserve (SPR), to ensure new refining capacity that operates at all times and can be increased during supply disruptions. The SRR would ramp up to full production when needed to provide additional supply during national energy shortages, decreasing price pressures at the pump, and would ensure that Federal fleet and military needs would be met at all times. [H.R. 5365]

Impact of Rising Energy Costs

Economic Effects

Already, rising energy prices are impacting a diverse swath of the U.S. economy and hurting hard-working Americans. These energy prices are also costing us jobs. On average, every time oil prices go up 10 percent, 150,000 Americans lose their jobs --based on the calculations of the Bureau of Labor Statistics and Federal Reserve Board. These energy price spikes are strangling economic growth. According to the Federal Reserve Chairman, "The surge in energy prices since late-2003 has significantly reduced the purchasing power of households and decreased the profits of non-energy firms, thereby restraining both consumer spending and business investment." [USA TODAY, 4/18/06]

Schools

School districts and local governments are feeling the pain due to rising energy prices, as are federal agencies themselves. A Tennessee public school closed for two days in order to save fuel. [Associated Press, 05/03/2006]

Airlines

At Jet Blue Airways, rising gas prices have contributed to a \$74 million loss over the last two quarters. At Frontier Airlines, jet fuel for the Denver to L.A. flight costs \$1,044 more this year than it did last year. According to Frontier Airlines CEO, Jeff Potter, "Every penny that fuel prices go up for Frontier, it represents about \$1.5 million on an annual basis and it goes straight to the bottom line. You have to find ways to compensate for that." [http://www.wndu.com/news/consumer/052006/consumer_49607.php, 05/01/2006]

The average fares have gone up about \$12 in the past year, and \$8 of that can be attributed to the fuel costs. The Air Transport Association said the airline industry's total fuel bill more than doubled from 2003 to 2005 and increased \$10.3 billion between 2004 and 2005. "In addition, the first-quarter price data suggests higher average prices throughout 2006 versus 2005," ATA said in a statement. [Business Travel News, 5/1/06; http://www.btnmag.com/businesstravelnews/headlines/frontpage_display.jsp?vnu_content_id=1002424918]

If fuel prices continue to rise, experts predict more airline bankruptcies. That leaves airlines no choice but to raise fares, which means your summer vacation flight could include an expensive seat in the middle.

Trucking

For many motor carriers, fuel can account for up to 25 percent of total operating expenses. [American Trucking Association, 4/25/06] The rising cost of fuel has the potential to create a ripple effect through the economy because if prices continue to rise, eventually consumers will likely see higher costs for whatever they are purchasing that is being delivered by truck. This is significant because 80 percent of communities in the U.S. get their goods solely by truck.

A one-penny increase in the price of diesel over an entire year costs the industry an additional \$350 million a year. The trucking industry will spend \$94.3 billion on fuel this year, based on current fuel price forecasts. This marks a \$6.6 billion increase over what trucking spent last year. [American Trucking Association, 4/25/06]

Small Business

Small businesses have small profit margins. While record energy prices have hit large corporations as well, small businesses feel a much greater impact. The latter, with their slim profit margins, have less flexibility to absorb price hikes -- or pass them along. [Business Week, 4/28/05]

Farmers and Rural Communities

Energy prices are costing farmers billions of dollars. Retail diesel fuel prices are expected to average \$2.62 per gallon over the summer, up 21 cents from last summer. [EIA] Farmers planting crops face fuel prices 113 percent higher than they paid four years ago. Fertilizer prices, which are largely based on energy costs, are up 70 percent for the same period. Fertilizer costs for 2006 are expected to be 10 to 15 percent higher than in 2005, and fuel costs are expected to rise at least 10 percent. [Food and Agricultural Policy Research Institute, 4/19/06 http://www.fapri.missouri.edu/outreach/publications/2006/FAPRI_UMC_Report_04_06.pdf]

With skyrocketing energy costs farmers are hurt in several different ways. It costs more to grow and harvest crops because prices are higher for fertilizer, pesticide, fuel, and lubrication. Energy-related inputs—such as gasoline, diesel fuel, electricity, and fertilizer— make up 15 percent of farm expenses. Gasoline, diesel fuel, natural gas and propane gas power the equipment used to plant, cultivate, water, harvest and deliver crops to market. Poultry and pork producers use propane gas to keep their chicken and hog houses warm, and gasoline and diesel-powered trucks for transporting them. And it reduces the selling price and any profits from their crops, because shippers and food manufacturers are paying more for transportation and manufacturing.

Farmers are the least able to pass on cost increases because agriculture is so highly competitive, but higher production costs may inevitably lead to higher grocery prices for all Americans.

High prices at the pump are particularly painful for Americans living in rural communities because they often must drive long distances every day to get to work, drop their kids off at school, access healthcare and pick up essentials such as prescription drugs. Rural households drive 28,000 miles year on average – 15 percent more than urban Americans, and use 22 percent more fuel. [Economic Research Service/USDA, 4/06] Rural Americans should not have wonder if they can afford groceries after facing higher prices at the pump.

Seniors

Coping with skyrocketing gas prices is particularly hard on seniors with fixed incomes. Some are cutting back on medicine. Others say they're eating less. Meals on Wheels, an organization that relies on volunteer drivers, most of whom are retirees on fixed incomes, is also feeling the squeeze. [CBS News, 5/3/06] Delivery drivers dropout every day because they can't afford to pay for fuel and as a result that they have had to place people who are requesting their services on a wait list. [CBS News, 4/27/06]

EMS and Other Services

Ambulance services, volunteer fire departments and the Red Cross are looking for ways to cut costs due to price spikes. Less than a year after the Red Cross reduced the operating hours of its community service vans as gasoline prices soared, a new surge in gas prices has them worried that they will have to cut service further. Higher fuel prices are also hitting the 911 emergency medical services, who are considering cost saving measures such as curtailing overtime and shuffling fleets to align with high-call volume times, since cutting emergency response isn't an option. [Houston Chronicle, 4/27/06]

SQUEEZING FAMILY POCKETBOOKS: AFRICAN AMERICANS AND HISPANICS STRUGGLE WITH RISING GAS PRICES

Since President Bush took office in 2001, gas prices have doubled – averaging nearly \$3 per gallon in stations across America. But while fuel prices have jumped, wages for working Americans have fallen or increased only marginally squeezing families at both ends. This is particularly true for African American and Hispanic communities which have seen a drop in family incomes and a considerable rise in the number of people living in poverty.

AFRICAN AMERICANS

- Since President Bush took office in 2001, the number of African Americans living in poverty has grown by 1.4 million. [CPS, 8/05]
- Since 2004, energy prices have climbed 17 percent, while average weekly wages fell from \$525 in 2004 to \$520 in 2005. [CPI, 3/06; BLS, 1/06]
- The average median income for African American families is \$30,134 – down \$2,273 since 2000. [CPS, 8/05]
- Families in that income bracket spent \$2,905 – 10 percent of their household budget – on energy expenses in 2004. [CPS, 8/05; BLS, Consumer Expenditure Survey, 2004]

HISPANICS

- Since President Bush took office in 2001, the number of Hispanics living in poverty has grown by more than one million. [CPS, 8/05]
- Since 2004, energy prices have climbed 17 percent, while average weekly wages for Hispanic workers have increased only slightly from \$456 in 2004 to \$471 in 2005. [CPI, 3/06; BLS, 1/06]
- The average median income for Hispanic families is \$34,241 – down \$2,141 since 2000. [CPS, 8/05]
- Families in that income bracket spend \$2,905 – 10 percent of their household budget – on energy expenses in 2004. [CPS, 8/05; BLS, Consumer Expenditure Survey, 2004]

INCREASE IN GAS PRICES HURTS AMERICAN FAMILIES

State	Regular Gas 5/06*	Regular Gas 1/01*	% More Since 2001	Vehicle Miles Traveled Per Capita**	Increased Cost 1 Driver***	Increased Cost 2 Car Family
Alabama	\$3.01	\$1.36	121%	12,820	\$960	\$1,921
Alaska	\$2.77	\$1.66	67%	7,605	\$384	\$767
Arizona	\$2.74	\$1.47	86%	9,408	\$543	\$1,086
Arkansas	\$3.09	\$1.39	122%	11,099	\$857	\$1,714
California	\$3.38	\$1.44	135%	9,139	\$805	\$1,610
Colorado	\$2.83	\$1.46	94%	9,663	\$600	\$1,200
Connecticut	\$3.12	\$1.52	105%	9,017	\$654	\$1,308
Delaware	\$2.99	\$1.45	106%	10,992	\$769	\$1,539
Florida	\$2.90	\$1.32	119%	10,672	\$765	\$1,529
Georgia	\$2.82	\$1.21	133%	12,654	\$923	\$1,846
Hawaii	\$3.41	\$1.78	91%	7,138	\$528	\$1,055
Idaho	\$2.79	\$1.46	91%	10,563	\$637	\$1,273
Illinois	\$2.89	\$1.47	97%	8,365	\$541	\$1,083
Indiana	\$2.95	\$1.40	111%	11,775	\$830	\$1,659
Iowa	\$2.91	\$1.43	103%	10,504	\$705	\$1,410
Kansas	\$2.77	\$1.37	102%	10,473	\$664	\$1,328
Kentucky	\$2.84	\$1.40	103%	11,444	\$750	\$1,499
Louisiana	\$2.80	\$1.37	105%	9,658	\$628	\$1,256
Maine	\$3.02	\$1.48	104%	11,377	\$794	\$1,589
Maryland	\$3.01	\$1.45	108%	9,839	\$699	\$1,399
Massachusetts	\$2.88	\$1.51	91%	8,287	\$515	\$1,029
Michigan	\$2.95	\$1.42	108%	9,964	\$693	\$1,386
Minnesota	\$2.85	\$1.57	81%	10,870	\$630	\$1,260
Mississippi	\$2.71	\$1.40	94%	12,685	\$757	\$1,514
Missouri	\$2.79	\$1.38	102%	12,016	\$768	\$1,537
Montana	\$2.75	\$1.49	84%	11,430	\$652	\$1,304
Nebraska	\$2.83	\$1.46	94%	10,825	\$675	\$1,350
Nevada	\$2.88	\$1.59	81%	8,266	\$484	\$967
New Hampshire	\$2.86	\$1.48	93%	9,865	\$620	\$1,240
New Jersey	\$2.93	\$1.35	117%	8,142	\$585	\$1,171
New Mexico	\$2.93	\$1.42	107%	12,285	\$845	\$1,691
New York	\$2.93	\$1.43	105%	6,945	\$474	\$948
North Carolina	\$3.19	\$1.38	131%	11,165	\$920	\$1,839
North Dakota	\$3.15	\$1.56	102%	11,569	\$837	\$1,673
Ohio	\$2.89	\$1.48	96%	9,444	\$607	\$1,213
Oklahoma	\$2.70	\$1.31	106%	13,090	\$829	\$1,659
Oregon	\$3.05	\$1.51	102%	9,819	\$689	\$1,377
Pennsylvania	\$2.94	\$1.43	105%	8,470	\$580	\$1,160
Rhode Island	\$2.99	\$1.52	97%	7,611	\$509	\$1,018
South Carolina	\$2.71	\$1.32	105%	11,514	\$726	\$1,453
South Dakota	\$2.85	\$1.50	90%	11,167	\$686	\$1,373
Tennessee	\$2.76	\$1.35	104%	11,769	\$752	\$1,504
Texas	\$2.85	\$1.33	114%	10,148	\$702	\$1,404
Utah	\$2.91	\$1.35	116%	10,605	\$754	\$1,508
Vermont	\$2.88	\$1.48	95%	15,694	\$1,002	\$2,003
Virginia	\$2.88	\$1.39	107%	10,619	\$717	\$1,435
Washington	\$3.14	\$1.49	111%	9,026	\$677	\$1,353
West Virginia	\$2.96	\$1.40	111%	11,102	\$785	\$1,569
Wisconsin	\$2.94	\$1.54	91%	10,797	\$685	\$1,370
Wyoming	\$2.73	\$1.35	102%	18,061	\$1,130	\$2,261

SOURCES: *Price per gallon, AAA Fuel Gauge Report; **Highway miles traveled, 2002. U.S. Department of Transportation, Federal Highway Administration, Highway Statistics, annual editions, available at <http://www.fhwa.dot.gov/ohim/ohimstat.htm> as of Dec. 1, 2003; U.S. Department of Commerce, U.S. Census Bureau, Population Division, table ST-EST2002-ASRO-01 available at <http://eire.census.gov/popest/estimates.php> as of Dec. 1, 2003; ***Cost per driver is based on national average gas mileage (22 MPG) according to the EPA.

HOW TO FIND GAS PRICES FOR YOUR METRO AREA

Below are brief instructions on how to find current and historical gas prices for your community using AAA Fuel Gauge Report website.

- STEP 1:** Go to the AAA Fuel Gauge Report website: <http://www.fuelgaugereport.com/>
- STEP 2:** Using the “Select A Market” drop-down menu on the top left of the screen, select your metro area. [Example: Akron, OH]
- STEP 3:** This page will have all the metro areas for your state (*not* just the metro area you selected on the menu). Scroll down until you find the area you selected.
- STEP 4:** Each page includes price data for unleaded gas (regular, mid-grade & premium grades) and diesel gas. These prices are for today, yesterday, a month ago and a year ago. The highest recorded price for regular unleaded & diesel gas.

[EXAMPLE]

Akron	Regular	Mid	Premium	Diesel
Current	\$2.861	\$3.051	\$3.173	\$2.929
Yesterday	\$2.827	\$3.015	\$3.136	\$2.930
Month Ago	\$2.530	\$2.698	\$2.806	\$2.700
Year Ago	\$2.093	\$2.232	\$2.321	\$2.327

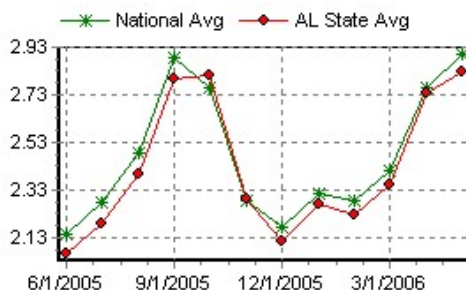
Highest Recorded Price:

Regular Unl.	\$3.018	9/3/2005
Dsl.	\$3.376	10/25/2005

OR:

- STEP 1:** Go to the AAA Fuel Gauge Report website: <http://www.fuelgaugereport.com/>
- STEP 2:** Select “State by State Average” in the vertical menu on the far left side of page.
- STEP 3:** Scroll down and click on your state.
- STEP 4:** Each page includes statewide average price for unleaded gas (regular, mid-grade & premium grades) and diesel gas. These prices are for today, yesterday, a month ago and a year ago. The highest recorded price for regular unleaded & diesel gas. Each page also has a line chart comparing the national and state averages.

[EXAMPLE]



- STEP 5:** To see price information for metro areas, click on “View STATE Metro Areas”

ENVIRONMENTAL WORKING GROUP:

How High Gas Prices Affect Your Community

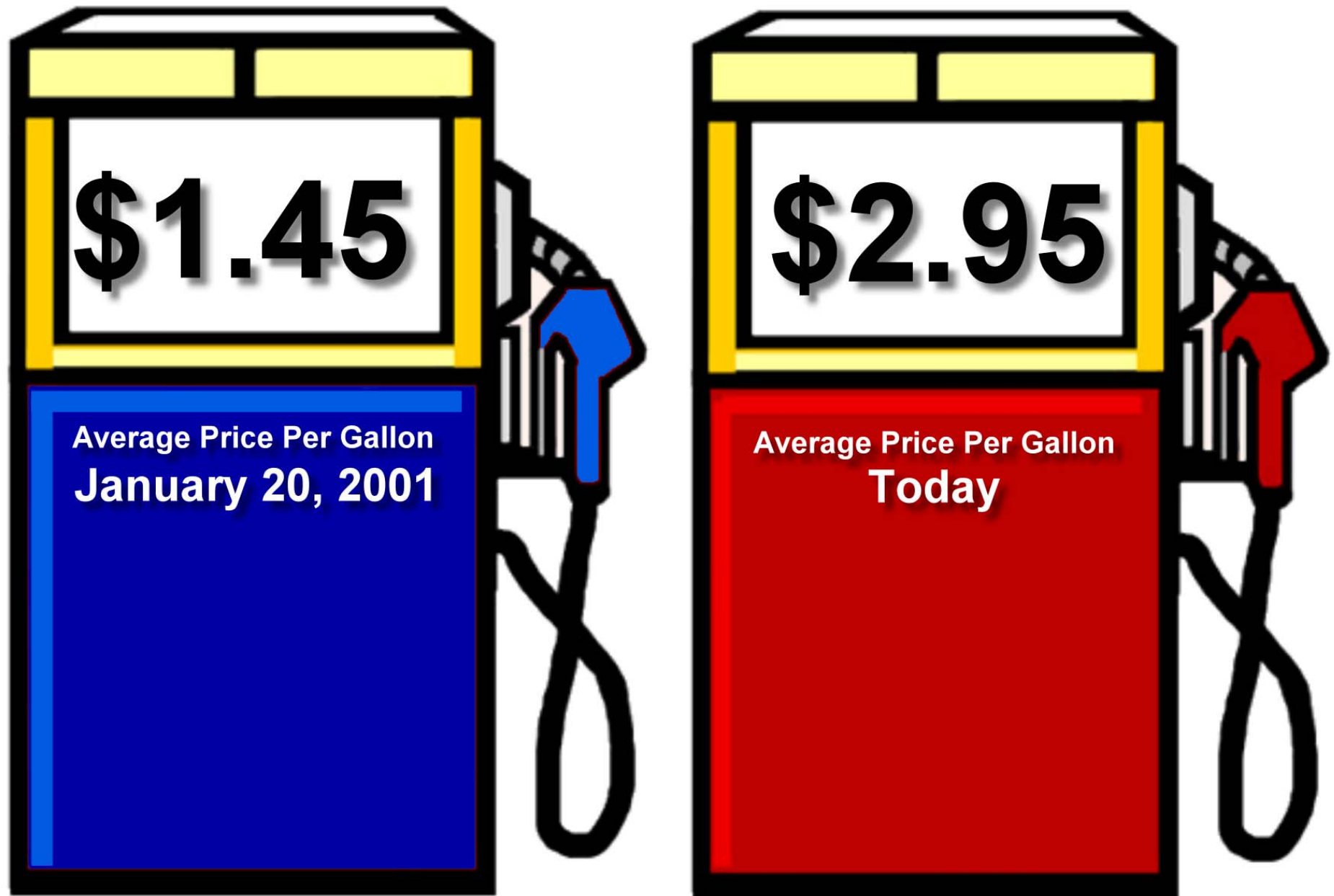
This chart by the Environmental Working Group highlights the impact of high gas prices on one- and two-car families in 50 metropolitan areas. EWG's website also provides a line chart tracing the rise of the price per gallon between January 1, 2000 and January 1, 2006. For more information, visit their website at www.ewg.org.

METROPOLITAN AREA	Miles per Driver per Year	Cost of Gas For Avg. 2 Car Family at \$2.92/per gal.	Additional Annual Expense on Gas at \$2.92 vs. \$1.45/per gal. (avg. national price on Jan. 1, 2001)	
			ONE DRIVER	TWO CAR FAMILY
Atlanta, GA	14,848	\$4,272	\$1,075	\$2,150
Austin-San Marcos, TX	10,531	\$3,030	\$763	\$1,525
Boston-Worcester-Lawrence, MA; NH; ME; CT	10,153	\$2,921	\$735	\$1,470
Buffalo-Niagara Falls, NY	9,738	\$2,802	\$705	\$1,410
Charlotte-Gastonia-Rock Hill, NC; SC	15,204	\$4,374	\$1,101	\$2,202
Chicago-Gary-Kenosha, IL; IN; WI	10,853	\$3,122	\$786	\$1,572
Cincinnati-Hamilton, OH; KY; IN	11,058	\$3,181	\$801	\$1,602
Cleveland-Akron, OH	10,556	\$3,037	\$764	\$1,529
Columbus, OH	12,351	\$3,553	\$894	\$1,789
Dallas-Fort Worth, TX	15,665	\$4,507	\$1,134	\$2,269
Denver-Boulder-Greeley, CO	14,278	\$4,108	\$1,034	\$2,068
Detroit-Ann Arbor-Flint, MI	10,900	\$3,136	\$789	\$1,579
Grand Rapids-Muskegon-Holland, MI	9,593	\$2,760	\$695	\$1,389
Greensboro-Winston-Salem-High Point, NC	12,353	\$3,554	\$895	\$1,789
Hartford, CT	12,409	\$3,570	\$899	\$1,797
Honolulu, HI	7,051	\$2,028	\$511	\$1,021
Houston-Galveston-Brazoria, TX	12,049	\$3,466	\$873	\$1,745
Indianapolis, IN	10,435	\$3,002	\$756	\$1,511
Jacksonville, FL	13,905	\$4,000	\$1,007	\$2,014
Kansas City, MO; KS	11,857	\$3,411	\$859	\$1,717
Las Vegas, NV; AZ	8,111	\$2,333	\$587	\$1,175
Los Angeles-Riverside-Orange County, CA	11,532	\$3,317	\$835	\$1,670
Louisville, KY; IN	11,583	\$3,332	\$839	\$1,677
Memphis, TN; AR; MS	14,605	\$4,202	\$1,058	\$2,115
Miami- Fort Lauderdale, FL	9,308	\$2,678	\$674	\$1,348
Milwaukee-Racine, WI	12,315	\$3,543	\$892	\$1,784
Minneapolis-St. Paul, MN; WI	12,152	\$3,496	\$880	\$1,760
Nashville, TN	16,473	\$4,739	\$1,193	\$2,386
New Orleans, LA	10,439	\$3,003	\$756	\$1,512
NYC-North. New Jersey-Long Island, NY; NJ; CT; PA	8499	2445	615	1231
Norfolk-Virginia Beach-Newport News, VA; NC	10,086	\$2,902	\$730	\$1,461
Oklahoma City, OK	13,575	\$3,905	\$983	\$1,966
Orlando, FL	13,456	\$3,871	\$974	\$1,949
Philadelphia-Wilmington-Atlantic City, PA; NJ; DE; MD	10,544	\$3,033	\$764	\$1,527
Phoenix-Mesa, AZ	11,212	\$3,225	\$812	\$1,624
Pittsburgh, PA	11,620	\$3,343	\$841	\$1,683

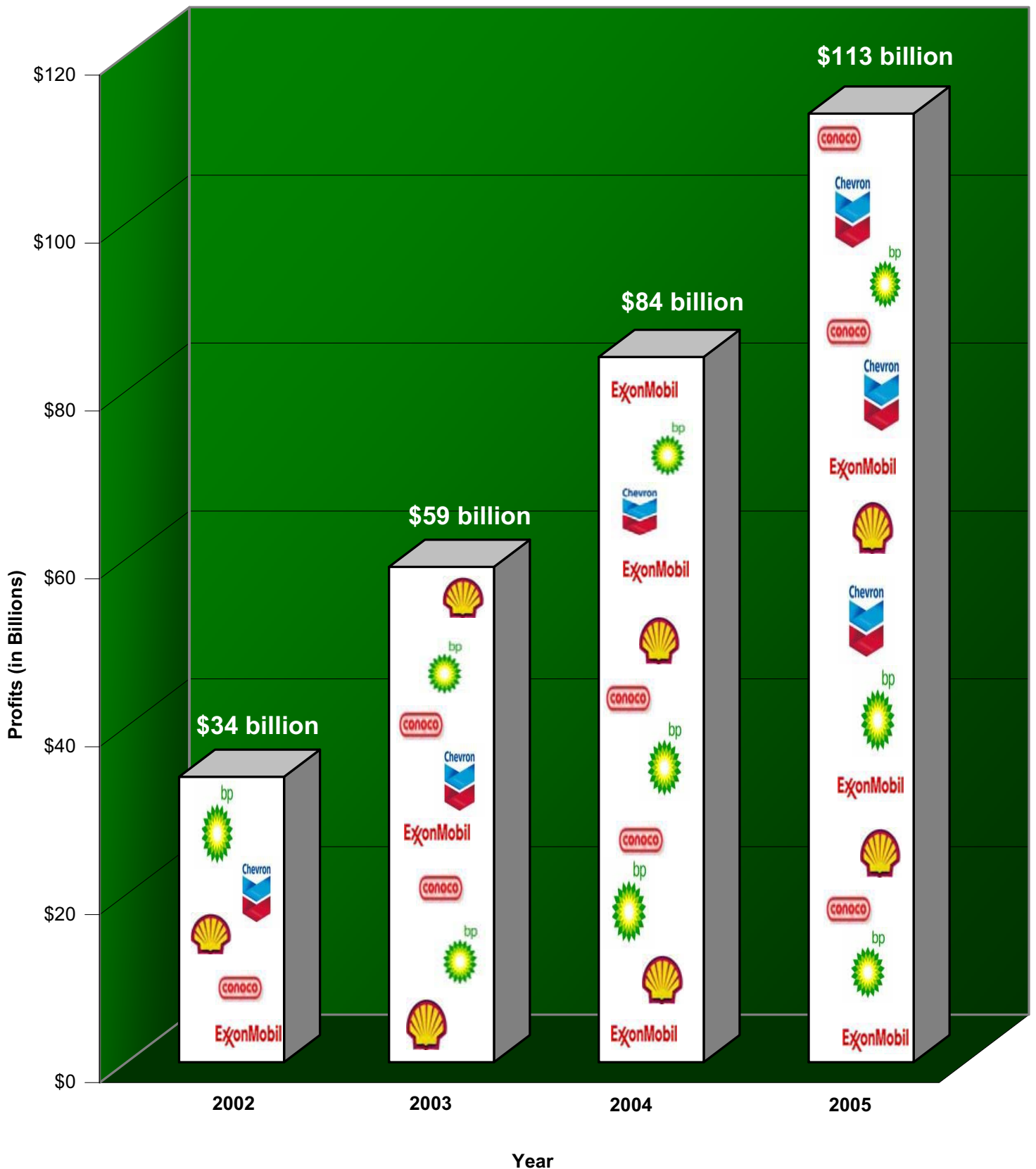
Portland-Salem, OR; WA	11,426	\$3,287	\$827	\$1,655
Providence-Fall River-Warwick, RI; MA	12,739	\$3,665	\$922	\$1,845
Raleigh-Durham-Chapel Hill, NC	13,416	\$3,860	\$972	\$1,943
Rochester, NY	10,736	\$3,089	\$777	\$1,555
Sacramento-Yolo, CA	11,318	\$3,256	\$820	\$1,639
Salt Lake City-Ogden, UT	10,468	\$3,012	\$758	\$1,516
San Antonio, TX	11,048	\$3,178	\$800	\$1,600
San Diego, CA	10,905	\$3,137	\$790	\$1,579
San Francisco-Oakland-San Jose, CA	11,885	\$3,419	\$861	\$1,721
Seattle-Tacoma-Bremerton, WA	10,549	\$3,035	\$764	\$1,528
St. Louis, MO; IL	11,873	\$3,416	\$860	\$1,720
Tampa-St. Petersburg-Clearwater, FL	10,594	\$3,048	\$767	\$1,534
Washington-Baltimore, DC; MD; VA; WV	11514	3312	834	1668
West Palm Beach-Boca Raton, FL	8014	2306	580	1161
Metro Area Average/Total			\$817	\$1,634

Americans Are Paying 100% More For Gas Than When President Bush First Took Office

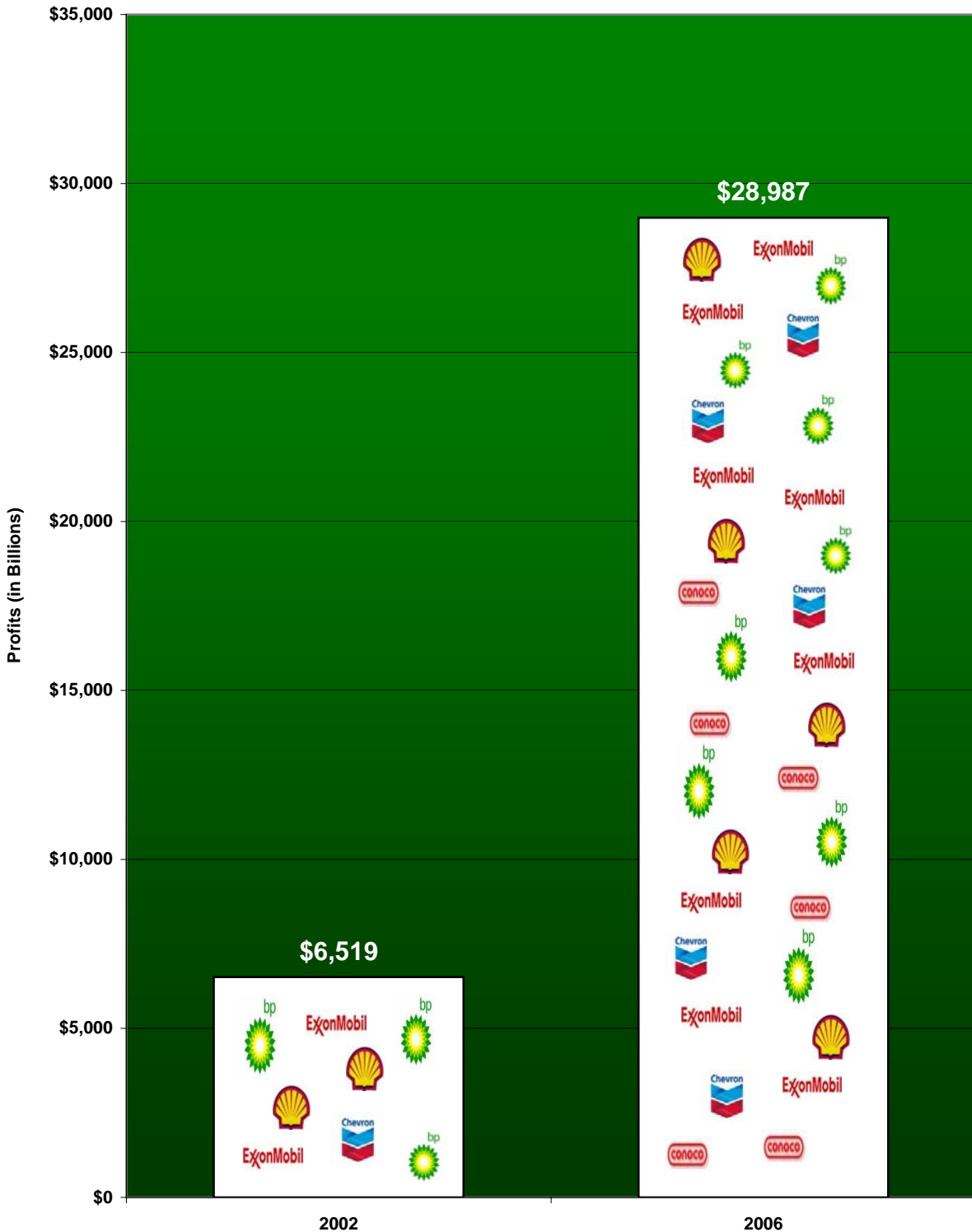
While the Republican Rubber Stamp Congress passed two energy bills costing taxpayers more than \$12 billion in giveaways to big oil companies



Oil Companies Reap Record Profits

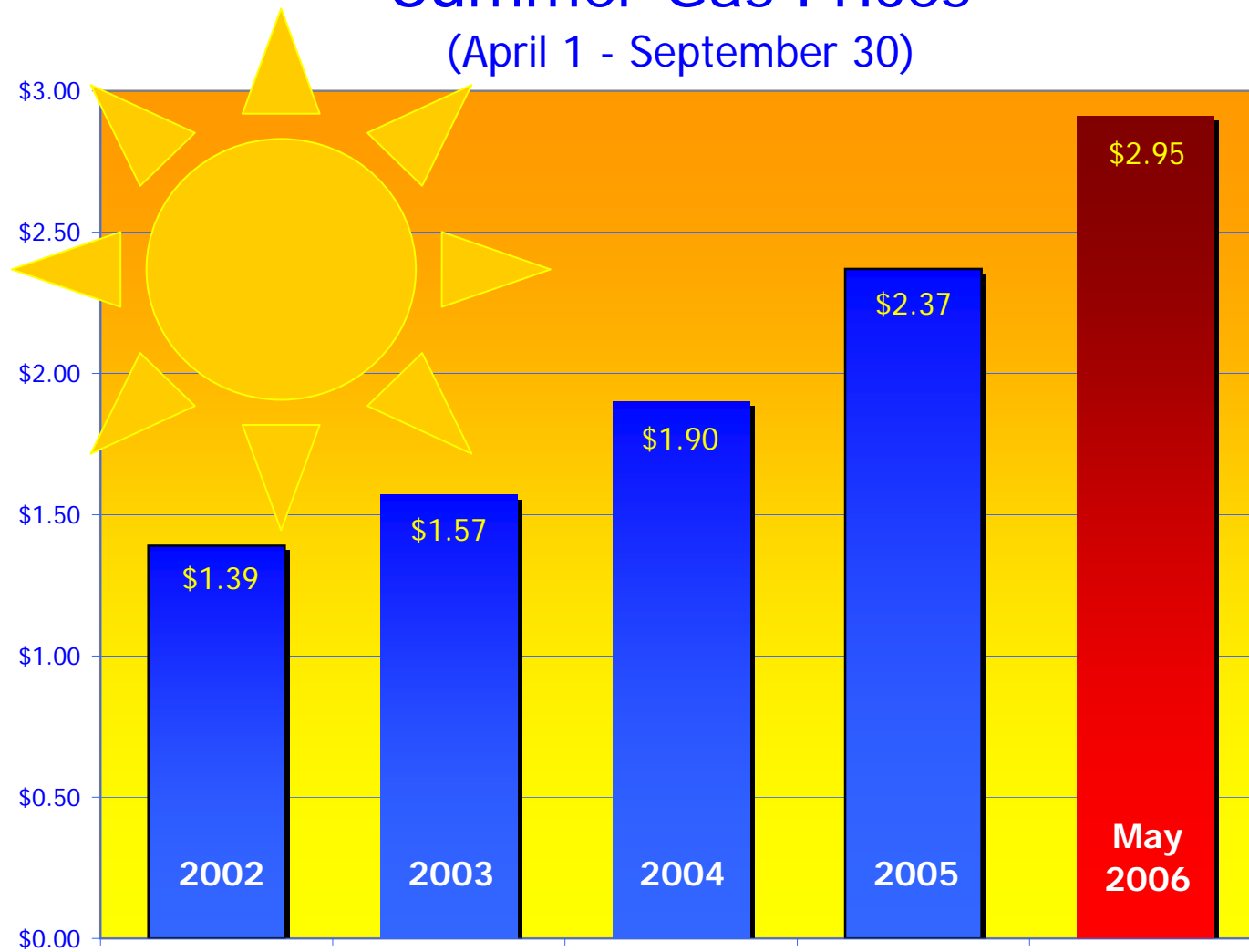


2006: Another Record Year for Oil Company Profits (1st Quarter Profits)



Summer Gas Prices

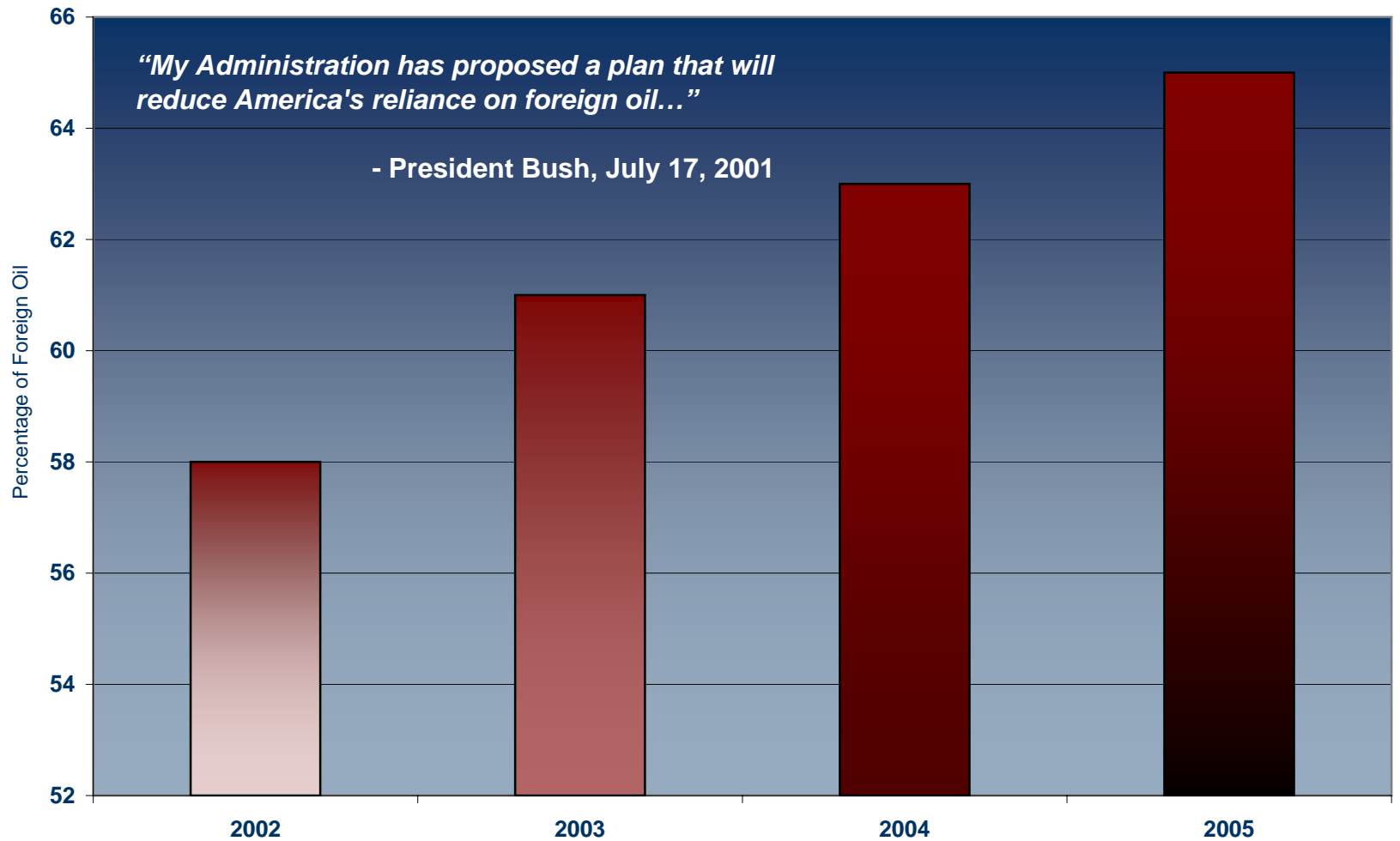
(April 1 - September 30)



Source: Energy Information Administration

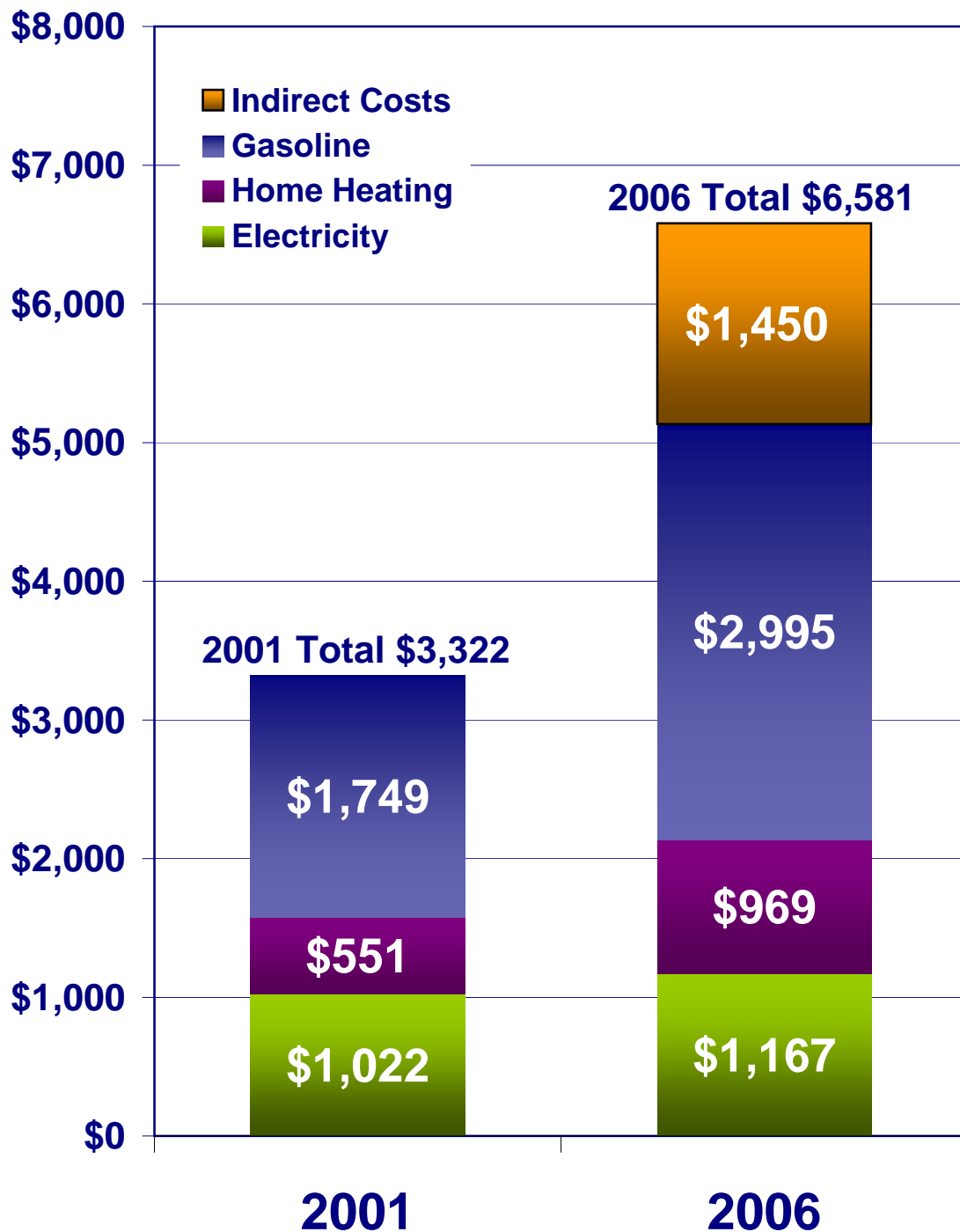
Office of the House Democratic Leader

Growing Dependence on Foreign Oil Under the Bush Administration



Source: Energy Information Administration

Americans Pay the Price for Failed Bush Republican Energy Policy



Source: Report by Government Reform Committee – Democratic Staff